

## CHAMPVA POLICY MANUAL

CHAPTER: 2  
SECTION: 18.18  
TITLE: PSYCHIATRIC PARTIAL HOSPITALIZATION PROGRAMS -  
PREAUTHORIZATION AND DAY LIMITS

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**AUTHORITY:** 38 CFR 17.270(a), 17.272(a) and 17.273

**RELATED AUTHORITY:** 32 CFR 199.4(a)(12) and (b)(10)

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### I. EFFECTIVE DATE

A. Effective September 29, 1993, inpatient services.

B. Effective October 1, 2003, waiver of preauthorization, where Medicare is primary payer and has authorized the care.

### II. DESCRIPTION

Psychiatric partial hospitalization is a treatment setting capable of providing an interdisciplinary program of medical therapeutic services at least 3 hours per day, 5 days per week, which may embrace day, evening, night and weekend treatment programs which employ an integrated, comprehensive and complementary schedule of recognized treatment approaches.

### III. POLICY

A. To be CHAMPVA approved, such programs must be Medicare or TRICARE certified. In addition, the facility must be accredited by and shall remain in substantial compliance with standards issued by the Joint Commission on Accreditation of Healthcare Organizations, under the Accreditation Manual for Mental Health, Chemical Dependency, and Mental Retardation/Developmental Disabilities Services.

B. Pre-admission and continued stay authorization is required for all admissions to a psychiatric partial hospitalization program, without exception, as the concept of an emergency admission does not pertain to a partial hospitalization level of care. Preauthorization is required even if the facility is transferring a patient to a lower level of care within its own structure.

C. The admission criteria shall not be considered fulfilled unless the patient has been personally evaluated prior to the admission by a physician or other authorized health care professional with admitting privileges operating within the scope of his/her license.

D. Day Limits for Psychiatric Partial Hospitalization. The benefits for institutional services for psychiatric partial hospitalization are limited to 60 treatment days (whether a full day or partial day program) in a fiscal year or in an admission. This limit may be extended by waiver. The 60 treatment days are not offset by or counted toward the 30-45 day inpatient limit.

E. Criteria for determining medical or psychological necessity of psychiatric partial hospitalization services. Psychiatric partial hospitalization services will be considered necessary only if all of the following conditions are present.

1. The patient is suffering significant impairment from a mental disorder which interferes with age appropriate functioning.
2. The patient is unable to maintain himself or herself in the community, with appropriate support, at a sufficient level of functioning to permit an adequate course of therapy exclusively on an outpatient basis (but is able, with appropriate support, to maintain a basic level of functioning to permit partial hospitalization services and presents no substantial imminent risk of harm to self or others).
3. The patient is in need of crisis stabilization, treatment of partially stabilized mental health disorders, or services as a transition from an inpatient program.
4. The admission into the partial hospitalization program is based on the development of an individualized diagnosis and treatment plan expected to be effective for that patient and permit treatment at a less intensive level.

F. Claims for outpatient psychotherapy provided during the period a patient is participating in a partial hospitalization program are to be denied as noncovered services. Professional services provided by an attending physician that do not duplicate treatment provided in a partial hospitalization program may be billed separately.

G. Outpatient psychotherapy services provided by a Partial Hospitalization Program (PHP) after the patient's care has been denied or after the patient has been discharged, are not a benefit of the partial hospitalization program. Partial hospitalization is an institutional benefit, not a professional services benefit. The PHP services provided by the institutional provider are covered by the all-inclusive per diem rate when authorized. If CHAMPVA authorization is denied due to the PHP stay not being medically necessary or appropriate, none of the services related to that stay are payable by CHAMPVA regardless of how they are billed. Psychotherapy services provided by a PHP after a patient has been discharged from the PHP are not part of the partial hospitalization benefit nor is the PHP an authorized provider under CHAMPVA for these outpatient services.

H. Authorized PHPs have entered into participation agreements to provide multi-disciplinary programs in exchange for all-inclusive per diem reimbursement. Any attempt by a PHP to carve out certain services and bill on a fee-for-service basis would be considered a violation of that agreement.

I. Effective October 1, 2003, preauthorization of inpatient mental health care is no longer required for Medicare eligible beneficiaries where Medicare is primary payer and has authorized the care. Medicare beneficiaries, who are also CHAMPVA eligible, are required to follow Medicare's rules until their Medicare benefit is exhausted. Once the Medicare benefit is exhausted, CHAMPVA preauthorization is required.

#### IV. POLICY CONSIDERATIONS

##### Payment Responsibility

1. Any care in a partial hospitalization program obtained without requesting pre-admission authorization or rendered in excess on the 21-day limit for alcohol rehabilitation or 60-day limit for other mental health services without following concurrent review requirements, in which the services are determined excluded by reason of being not medically necessary, is not the financial responsibility of the patient or the patient's family **unless either of the following criteria apply.**

a. The receipt of written notification from CHAMPVA that the services are not authorized.

b. The signing of a written statement from the provider which specifically identifies the services which will not be reimbursed by CHAMPVA. The beneficiary must agree, in writing, to personally pay for the non-reimbursable services. General statements, such as those signed at admission, do not qualify.

2. If a request for waiver is filed and the waiver is not granted by the Director, or a designee, CHAMPVA benefits will only be allowed for the period of care authorized by the Mental Health Review Contractor.

3. For purposes of counting day limits only (not the reimbursement of services), a move from one facility to another facility can be considered a transfer when documentation establishes that coordination for the move existed between two like facilities for the purpose of ensuring continued treatment of the condition requiring the original admission. Under these circumstances, the admission to a new facility would be considered a continuous uninterrupted episode of care. If the documentation does not establish that coordination for the move existed between the two facilities, then the intent to transfer cannot be established and the move should be considered a discharge.

## **V. EXCEPTIONS**

Waiver of the 60-day psychiatric partial hospitalization limit. The purpose of partial hospitalization is to provide an appropriate setting for crisis stabilization, treatment of partially stabilized mental health disorders, and as a transition from an inpatient program when medically necessary to avoid a serious deterioration in functioning within the context of a time-limited, ambulatory, active treatment program that offers therapeutically intensive, coordinated, and structured clinical services within a stable therapeutic environment. There is a regulatory presumption against the appropriateness of partial hospitalization in excess of 60 days. However, a waiver may be authorized through the reviewer designated by the Director, Health Administration Center and payment allowed for care beyond the 60-day limit in certain circumstances.

1. The criteria for waiver are set forth in paragraph E, POLICY, above. In applying these criteria in the context of a waiver request review, special emphasis is placed on determining whether additional days of partial hospitalization are medically/psychologically necessary to complete essential elements of the treatment plan prior to discharge. Consideration is also given in cases in which a patient exhibits well-documented new symptoms or maladaptive behaviors which have appeared in the partial hospitalization setting requiring significant revisions to the treatment plan.

2. The clinician responsible for the patient's care is responsible for documenting the need for additional days and must establish an estimated length of stay beyond the date of the 60-day limit. There must be evidence of a coherent and specific plan for assessment, intervention and reassessment that reasonably can be accomplished within the time frame of the additional days of coverage requested under the waiver provisions.

3. For patients in care at the time the partial hospitalization program limit is reached, a waiver must be granted prior to the limit. For patients being readmitted after having received 60 days in the fiscal year, the waiver review will be conducted at the time of the pre-admission authorization.

**\*END OF POLICY\***